Manitoba

ANNUAL REPORT

1987-88

Manitoba Horse Racing Commission

D.F. Williams, Q.C., Chairman
Morris Kaplan, Vice Chairman
Ian A. MacKenzie, Member
Irene E. Bauman, Member
Jack T. Philpot, Member

MANITOBA HORSE RACING COMMISSION

P.O. Box 40, Postal Station A, Winnipeg, Manitoba R3K 1Z9 Telephone (204) 885-7770

June 22, 1988

The Honourable Jim Ernst
Minister of Business Development
and Tourism
Room 358
Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Minister:

The undersigned has the honour to present the Twenty-Second Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 1988.

Yours truly,
MANITOBA HORSE RACING COMMISSION

Dan Williams

Dan F. Williams, Q.C.
Chairman
DFW/mm

TWENTY-SECOND ANNUAL REPORT

THE MANITOBA HORSE RACING COMMISSION

for the year ending March 31, 1988

COMMISSIONERS

Dan F. Williams, Q.C.	Chairman	Winnipeg
Morris L. Kaplan	Vice-Chairman	Winnipeg
Jack Philpot	Member	Winnipeg
Irene Bauman	Member	Minto
Ian MacKenzie	Member	Portage la Prairie

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TWENTY - SECOND ANNUAL REPORT

THE HORSE RACING COMMISSION

General

This report covers the twelve months ended March 31, 1988.

Thoroughbred Racing

The 1987 Thoroughbred season saw an increase in the betting handle of approximately $3,500,000.00, but an examination of the details indicates that this is mainly due to an additional nine racing dates over the number enjoyed in 1986. The average daily attendance showed a significant decline, but this was off-set by a significant increase in per capita wagering. Gross purses paid to horsemen exceeded $3,700,000.00 for the second year in a row, but the per race purse average declined slightly from that paid out in 1986. Although the statistical picture indicates that the industry has stabilized, it should be noted that in terms of real dollars (with inflation taken into account) the industry continues to falter. Accordingly, in the opinion of the Commission, it remains imperative that all segments of the industry - Government, the Horsemen, and the Association, - continue to take advantage of every possible opportunity to maintain or increase racing's competitive position with respect to alternate public sports, entertainment and gaming opportunities. The continued proliferation of television entertainment and sports, and the continuing availability of alternate gaming opportunities remains a very real and direct limiting factor in the ability of the racing industry to prosper and grow. At the same time, recent studies continue to confirm the historical belief and claim of the industry that it provides significant contributions to the Provincial agricultural, tourist and general economy. That the people active in the industry continue to have some confidence in its future is indicated by the slight increase in Thoroughbred licences issued during the previous year over the number in 1986.

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Standardbred Racing

The fall/winter meet at Assiniboia Downs witnessed a significant decline in total handle attributable almost entirely to a reduction of eleven race dates from those raced in the previous season. The average daily handle declined slightly as did average daily attendance, while per capita wagering increased slightly. The total purses paid horsemen declined from approximately $1,400,000.00 to $1,200,000.00, but the per race purse average increased slightly over the previous season. The industry suffered further real losses as a result of the attempt by the Regina Exhibition Board to conduct regular winter racing at Queensbury Downs in Regina. This resulted in the curtailment of the simulcasting arrangement between Assiniboia Downs and Saskatchewan which had resulted in an additional $5,000,000.00 handle bet in Saskatchewan on the Manitoba races during the previous year, and also provided competition for horses which significantly reduced the horse population at Assiniboia Downs and necessitated a reduction in the number of daily races from 12 to 10, plus, on occasion, resulting in shorter fields than had been anticipated. As a direct result of the loss of this simulcast revenue, Assiniboia Downs had a substantial overpayment of horsemen's purses for the first time since standardbred racing was re-activated during the winter in 1985.

The Manitoba Great Western Harness Racing Circuit enjoyed 32 days of racing during 1987, exactly the same as the previous year, but experienced a slight decline in total handle. Attendance was noticeably up however, although the per capita wagering was obviously down and gross purses paid out were down slightly, but remained at approximately $340,000.00 for the second year in a row. Once again, the circuit was plagued by inclement weather, shortened or cancelled programs, and also suffered as a result of the continuing agricultural economic woes prevalent across the prairies during the recent years. As a net result of the continuing problems, two long time racing centres have withdrawn from the circuit for 1988, namely Dauphin and Russell in the north west portion of the Province, joining Emo Ontario which had withdrawn from the circuit the previous year. Notwithstanding the loss of these valued members, the continuing members of the circuit remain very optimistic as to the future viability of racing in rural Manitoba, and it would appear also that with the legalization of pari-mutuel racing in North Dakota, the circuit will be supplemented and strenghthened by the inclusion of race dates on a week-end basis in the north west corner of North Dakota which should provide oportunities for Manitoba harness horsemen between the closing of the extended meet at Assiniboia Downs, the opening of the summer fair circuit and the closing of the summer fair

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circuit and the opening of the fall meet in Winnipeg. In addition, it is anticipated that the implementation of pari-mutuel racing in North Dakota will significantly increase the interest of North Dakotans in harness racing and will provide a further substantial source of horse supply for both the fair circuit and fall/winter meet, which should also lead to increased tourist and fan activity at Assiniboia Downs over the winter months.

Quarter Horse Racing

Quarter Horse racing was held in Rossburn and at Assiniboia Downs during the year, and was revived in Gilbert Plains without pari-mutuel facilities at the latter track, but once again no significant change in betting handle or interest was noted.

Future Outlook

The racing industry in this Province continues to struggle to meet its competition from other forms of entertainment, sports and gaming opportunities. However, the industry (and the Association in particular) continue to lead the nation in innovation and optimism in an attempt to stabilize this important industry. During the past year Assiniboia Downs, which was the first and only operation to own and operate its own satellite uplink facility, obtained the first and only licence given to an Association to transmit its races live daily through satellite and cable facilities to homes so that fans could enjoy racing from the comfort of their own living room, and so that those fans who so wished, could also wager on the outcome of such races using the telephone account betting services offered by Assiniboia Downs. Recently, Assiniboia Downs has also opened the first telephone account betting centre in Canada which will enable fans to gather together away from the track for an evening out and enjoy live racing on television monitors while providing facilities for utilizing telephone account betting services at the track to wager on the outcome of such races. Although the live broadcast of races was introduced only late in the past standardbred season, the financial impact was noticed immediately, and the early indications are that this oportunity will provide significant financial benefits to the industry in the Province, and is broadening

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the fan base by the introduction of the sport of racing to many television viewers who otherwise would never be exposed to the excitement, colour and demonstration of athletic ability which makes up racing. At the same time, progress has been made with respect to the possibility of the Federal Government amending existing Criminal Code restrictions on the operation of teletheatre betting facilities throughout Canada. It is anticipated that before the end of the calendar year, federal legislation will be passed which will enable those Provinces which so desire to pass legislation permitting the establishment and operation of teletheatre betting facilities throughout the Province. As reported in our previous annual report, it is anticipated that this innovation will have a significant impact on the winter harness racing industry in Manitoba in particular. It is also expected that the home cable system, telephone account betting centres, and teletheatre centres will strenghthen the Thoroughbred industry which can anticipate increased competition for horse supply and fan support from the fledgling thoroughbred industry seeking to take advantage of pari-mutuel opportunities in North Dakota.

While not in a crisis situation, the horse racing industry, including thoroughbred, standardbred and quarter horse racing, needs and deserves continued strong support and encouragement from the Commission and Province in its on-going efforts to adapt to changing circumstances and increased and diverse competition.

Security

The Commission continued its random drug testing practise in conjunction with emphasis on education, prevention and rehabilitation, as well as its daily breathalyzer testing, with continued excellent results which would indicate that licencees in this jurisdiction have a very low level of legal or illegal drug and alcohol usage while racing, which in turn contributes significantly to the low number of serious accidents and incidents occurring on Manitoba race tracks.

Rulings, Fines & Appeals

The Thoroughbred meet saw 163 rulings being issued which resulted in 88 fines totalling $8,070.00, 18 suspensions totalling 99 days and 2 indefinite suspensions. There were 3 appeals; 1 was withdrawn, 1 was denied and 1 was upheld.

The Standardbred meet saw 215 rulings being issued which resulted in 188 fines totalling $11,080.00, and 27 suspensions for a total of 35 days, and three indefinite suspensions. There were 5 appeals of which, one was withdrawn, two were partially allowed and two were denied.

Drug Control (Equine)

There were 2 positive findings during the Thoroughbred Meet. The Commission was satisfied that one was the result of careless medication practices, but the other involved the use of an illegal medication and accordingly the licensee in question was dealt with very severely by the Commission Stewards. There were no positive findings during the Standardbrd Meet.

Statistical Information

Prior years statistics have been restated to conform with 1987/1988 format. Statistics supplied by outside parties have not been verified by the Commission.

SCHEDULE A

Thoroughbred Racing - Assiniboia Downs

	1987	1986
Pari-Mutuel Handle	$43,376,379	$39,920,435
Number of Race Days	119	110
Average Daily Handle	364,507	362,913
Attendance	384,688	395,646
Average Daily Attendance	3,233	3,597
Per Capita Wagering	113	101
Gross Purses	3,749,226	3,760,430
Number of Races	1,158	1,069
Per Race Purse Average	3,238	3,518
Federal Takeout	347,011	319,363
Provincial Takeout	3,871,125	3,604,125

Provincial Support Program

	1987	1986
3% Prov Govt. Rebate	$1,301,291	$1,197,613
Purse Support (Overnight)	1,501,799	1,402,858
Purse Supplements	235,643	227,311
Breeder Takeout Support	69,402	63,873
Purse Stakes Support	101,700	100,500
Breeders Awards	153,334	132,944
Stallion Awards	39,945	31,427
C.T.H.S. Administration	35,000	35,000
Total:	**$3,438,114**	**$3,191,526**

SCHEDULE B

Standardbred Racing - Assiniboia Downs

	1987/88	1986/87
Pari-Mutuel Handle	$14,165,858	$15,996,149
Race Days	89	100
Average Daily Handle	$ 159,167	$ 159,961
Attendance	109,173	128,216
Average Daily Attendance	1,227	1,282
Per Capita Wagering	$ 130	$ 125
Total Purses	$ 1,208,086	$ 1,432,610
Number of Races	951	1,187
Per Race Purse Average	$ 1,270	$ 1,207
Federal Takeout	$ 113,327	$ 127,969
Provincial Takeout	$ 1,329,915	$ 1,489,619

Provincial Support Program

	1987/88	1986/87
Purse Support (Overnight)	$ 517,622	$ 622,983
Sires Stakes	158,000	170,000
Breeders Awards	44,089	63,667
Owners Awards	44,093	63,672
M.S.S.B.A. Administration	10,000	10,000
Total:	**$ 773,804**	**$ 930,322**

SCHEDULE C

Standardbred Racing - Rural Circuit

	Racing Days		Amount Wagered	
	1987	1986	1987	1986
Carberry	2	2	$ 57,694	$ 57,187
Carman	1	-	26,794	
Dauphin	2	3	55,843	79,383
Deloraine	2	2	39,018	62,554
Glenboro	2	2	73,841	64,229
Holland	1	2	30,616	44,056
Killarney	3	3	105,889	109,749
Minnedosa	2	2	46,481	70,362
Pilot Mound	3	3	74,168	75,690
Portage	6	4	213,328	142,787
Russell	2	2	29,320	32,619
Virden	4	3	98,146	64,406
Wawanesa	1	2	24,020	59,339
Miami	1	2	31,960	49,035
TOTALS	**32**	**32**	**$ 907,118**	**$ 911,396**

Other Comparative Statistics

	1987	1986
Attendance	40.295	35,444
Average Daily Attendance	1,259	1,108
Gross Purses	$ 340,085	$ 342,673
Per Race Purse Average	$ 1,063	$ 1,074

Provincial Support Programs

	1987	1986
Purse Supplements	$ 151,000	$ 149,625
Breeders/Owners Awards	63,383	62,900
Sires Stakes	20,000	20,000
Grants	22,084	19,957
TOTAL:	**$ 256,467**	**$ 252,482**
Per Capita Wagering	22.51	25.71

SCHEDULE D

Quarter Horse Racing

	1987	1986
Pari-Mutuel Handle		
Rossburn	$ 6,554	$ 8,910
Racing Days		
Rossburn	2	2
Provincial Support Program		
Purse Supplements	$ 6,200	$ 5,500
Sires Stakes	4,900	4,000
Administrative Grant	500	
TOTAL:	**$11,600**	**$ 9,500**

SCHEDULE E

MANITOBA HORSE RACING COMMISSION

Ocupational Licenses and Registrations for the year ending March 31, 1988.

Licenses	Thoroughbred	Standardbred
Owner	1017	265
Owner/Trainer	157	73
Owner/Driver	-	8
Trainer	47	6
Assistant Trainer	19	1
Owner/Trainer/Driver	-	71
Jockey	37	-
Apprentice Jockey	60	-
Driver	-	6
Driver/Trainer	-	7
Jockey Agent	10	-
Veterinarians	6	14
Official	6	5
Tradesmen	42	14
Backstretch	357	66
Association Employees	260	130
Sponsored Person	745	194
Assistant Veterinarian	2	-
Quarter Horse Asst. Jockey	3	-
Quarter Horse	93	-
TOTAL LICENSES ISSUED:	**2861**	**860**

Registrations	Thoroughbred	Standardbred
Partnerships	253	49
Stable Names	181	14
Colours	31	-
Leases	28	-
Authroized Agents	216	52
Open Claims	18	-

Manitoba

THE HORSE RACING COMMISSION

Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A, B, C and D, of The Horse Racing Commission for the year ended March 31, 1988. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, except for the write-off of accounts receivable arising from 1982 temporary track closure as described in note 3, on a basis consistent with that of the preceding year.

Our opinion with respect to the comparative amounts shown for the year ended March 31, 1987 was qualified because the accounts receivable arising from the 1982 temporary track closure was not reflected as a conditional grant in the Statement of Revenue and Expenditure for the year then ended.

J. W. Singleton, CA,
Assistant Provincial Auditor.

May 27, 1988,
Winnipeg, Manitoba.

EXHIBIT A

THE HORSE RACING COMMISSION

Balance Sheet
as at March 31, 1988
(with 1987 figures for comparison)

	1988	1987
A S S E T S		
Current assets:		
Cash on hand and in bank	$ 307,886	$ 216,437
Account receivable - other	1,581	-
Accounts receivable arising from 1982 temporary track closure (Note 3)	-	47,653
Grant receivable - Government of the Province of Manitoba	-	12,500
Prepaid expenses	5,744	405
	315,211	276,995
L I A B I L I T I E S		
Current liabilities:		
Accounts payable and accrued liabilities	25,880	28,961
Advance - Government of the Province of Manitoba (Note 4)	200,000	180,000
Deferred revenue	9,800	12,060
	235,680	221,021
Reserve for future costs, Exhibit C	-	55,903
Funds available for future operations, Exhibit C	79,531	71
	$ 315,211	$ 276,995

EXHIBIT B

THE HORSE RACING COMMISSION

Statement of Revenue and Expenditure
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Revenue:		
Grant from the Government of the Province of Manitoba	$ 519,000	$ 434,018
Fees, licenses and fines (Note 5)	145,660	143,895
Interest	13,486	12,178
Sundry	1,571	284
	679,717	590,375
Expenditure:		
Advertising and promotion	810	3,567
Building renovations	2,000	713
Commissioners' per diem and honoraria	74,371	45,125
Employee benefits	29,745	23,288
Equipment and office furniture	1,883	573
Equipment rentals	11,570	9,830
Health and post secondary education tax levy	8,975	4,897
Hearings and appeals	6,800	10,353
Identification supplies	23,313	20,910
Memberships and dues	5,528	5,315
Office	7,375	9,024
Printing rule books	9,882	-
Professional fees	28,725	40,153
Recruiting costs	1,370	4,767
Repairs and maintenance	9,026	10,072
Research grant	5,000	5,000
Salaries:		
Administration	69,633	107,366
Security	37,044	12,419
Stewards and judges	179,210	185,109
Veterinarian services	63,570	58,884
Sundry	188	138
Telephone	6,918	6,630
Travel	25,571	32,941
	608,507	597,074
Revenue over (under) expenditure, before extraordinary item	71,210	(6,699)
Extraordinary item - write-off of accounts receivable arising from 1982 temporary track closure (Note 3)	47,653	-
Revenue over (under) expenditure, Exhibit C	$ 23,557	$ (6,699)

EXHIBIT C

THE HORSE RACING COMMISSION

Statement of Reserve and Funds
Available For Future Operations
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Reserve For Future Costs		
Balance, beginning of year	$ 55,903	$ 3,500
Less, transferred to funds available for future operations	55,903	3,500
Add, appropriated from funds available for future operations	-	55,903
Balance, end of year, Exhibit A	$ -	$ 55,903
Funds Available For Future Operations		
Balance, beginning of year	$ 71	$ 59,173
Add, transferred from reserve for future costs	55,903	3,500
Excess of revenue over expenditure, Exhibit B	23,557	-
	79,531	62,673
Less, excess of expenditure over revenue, Exhibit B	-	6,699
Appropriated to reserve for future costs	-	55,903
	-	62,602
Balance, end of year, Exhibit A	$ 79,531	$ 71

EXHIBIT D

THE HORSE RACING COMMISSION

Statement of Government Grant Receipts
and Disbursements
for the year ended March 31, 1988
(with 1987 figures for comparison)

	1988	1987
Grant received from the Government of the Province of Manitoba	$ 4,479,985	$ 4,383,830
Grants disbursed:		
Thoroughbred		
Overnight purse support	2,803,090	2,600,471
Owners/breeders incentive	600,024	556,055
C.T.H.S. administrative grant	35,000	35,000
Standardbred		
Overnight purse support	517,622	622,983
Owners/breeders incentive	246,182	297,339
M.S.S. & B.A. administrative grant	10,000	10,000
Standardbred rural		
Overnight purse support	151,000	149,625
Owners/breeders incentive	63,383	62,900
Stakes program	20,000	20,000
Grants	22,084	19,957
Quarter horse		
Overnight purse support	6,200	5,500
Stakes program	4,900	4,000
M.Q.H.S. administrative grant	500	-
	$ 4,479,985	$ 4,383,830

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1988

1. Nature of the operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. In addition, the Commission acts as a conduit for support grants between the Government of the Province of Manitoba and the horse racing industry.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Consequently, the Commission will not experience an operating deficit. Administrative grant monies drawn down in excess of actual expenses are retained by the Commission as "funds available for future operations". However, such funds available for future operations reduce subsequent administrative grant requirements.

2. Significant accounting policies

An accrual basis of accounting is followed except for:

i) Capitalization and depreciation

The costs of building renovations, purchases of equipment and office furniture, are charged directly to operations. Accordingly depreciation is not provided for in the accounts.

ii) Pension liability and expense

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission will be required to contribute 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report issued in January 1988, the unfunded liability for the Commission's employees amounted to $40,348 as at December 31, 1987 ($27,300 - December 31, 1986).

iii) Support grants

Support grants are recorded on a cash basis and are reflected separately (Exhibit D) from the general administrative activities of the Commission.

iv) Printing rule books

The cost of printing rule books is charged to operations once they are approved for printing.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1988

3. Accounts receivable arising from 1982 temporary track closure

An agreement dated July 21, 1982 between the Horsemen's Benevolent and Protective Association (H.B.P.A.), the Canadian Thoroughbred Horse Society (C.T.H.S.) and The Horse Racing Commission provided for the payment of amounts owing to individual horsemen as a result of the default by Assiniboia Downs 1981 Ltd. In addition a letter of understanding dated August 7, 1982 from the H.B.P.A. provided that the H.B.P.A. would reimburse the Commission for the 1982 purse overpayments incurred by Winnipeg Racing Ltd., which were paid by the Commission. The July 21, 1982 agreement further provided that surplus funds of Winnipeg Racing Ltd. would reduce the amount owing to the Commission. The original amount receivable of $277,589 was reduced by payments from these organizations to $47,653 as at March 31, 1986.

During the year ended March 31, 1987 the Commission negotiated an arrangement with Assiniboia Downs and the Horsemen's groups whereby the Commission would forgive the balance receivable of $47,653 upon satisfactory completion of certain capital improvements in the backstretch by October 1, 1987 which would benefit all horsemen. The Commission appropriated a reserve of $47,653 from funds available for future operations to reflect this arrangement.

During the year ended March 31, 1988 the Assiniboia Downs advised the Commission that it was unable to proceed with the construction of these capital improvements by October 1, 1987 as previously arranged. The Assiniboia Downs has now proposed to include these capital improvements in a new combined Harness and Thoroughbred Paddock to be completed by October 1988. Satisfactory completion of the proposed new facility will result in the forgiveness of this receivable. In recognition of the likelihood that the Assiniboia Downs will meet this condition the Commission has written off this receivable.

However, the Commission has not abandoned its rights to take appropriate action for recovery in the event that the proposed capital improvements are not completed by October 1, 1988.

4. Advance - Government of the Province of Manitoba

The working capital advance is provided interest free to the Commission by the Government of the Province of Manitoba.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1988

5. Fees, licences and fines

	1988	1987
Thoroughbred		
Daily licences	$ 35,400	$ 33,000
Fees and Licences	54,375	52,135
Fines	9,625	5,390
	99,400	90,525
Standardbred		
Daily licences	25,700	28,200
Fees and licences	9,360	10,980
Fines	11,200	14,190
	46,260	53,370
	$ 145,660	$ 143,895